



October 8, 2014

New Quarterly ADP® Workforce Vitality Report Shows Real Wages Are Accelerating

Results Show Turnaround Began in Third Quarter 2012

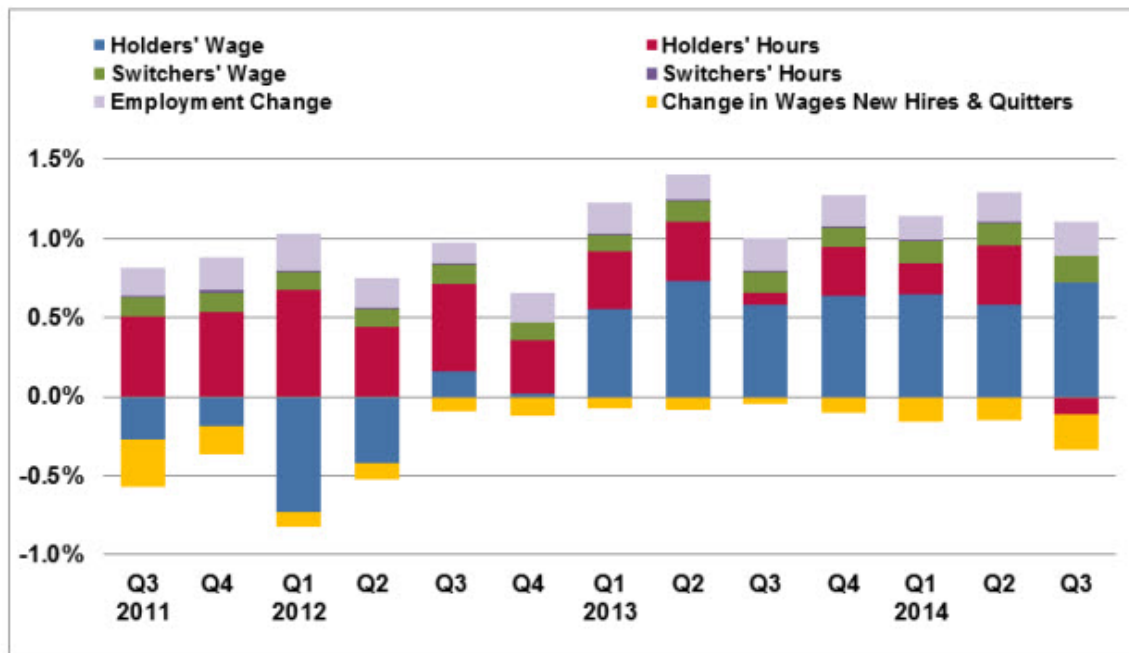
ROSELAND, N.J. - Oct. 8, 2014 - The *ADP® Workforce Vitality Index*, which measures the total real wages paid to the US private sector workforce, is 110.6 in the third quarter of 2014 (2Q2011=100, Seasonally Adjusted). The *Index*, part of the *ADP Workforce Vitality Report*, is composed of a number of metrics including job holders' wages, job holders' hours worked, job switchers' wages, and total employment. The *Index* grew by 0.77% from the previous quarter. See Table1 below.

TABLE 1: ADP WORKFORCE VITALITY INDEX AND ITS COMPONENTS

Year	Quarter	WVI	Growth Rates				
			WVI	Holders' Hourly Wages	Holders' Hours	Switchers' Hourly Wages	Employment
2014	Q3	110.6	0.77%	0.76%	-0.11%	5.32%	0.58%
	Q2	109.7	1.14%	0.61%	0.39%	4.90%	0.55%
	Q1	108.5	0.99%	0.67%	0.21%	4.87%	0.45%
2013	Q4	107.4	1.17%	0.66%	0.32%	4.73%	0.55%
	Q3	106.2	0.95%	0.61%	0.08%	4.63%	0.52%
	Q2	105.2	1.33%	0.76%	0.39%	5.07%	0.44%
2012	Q1	103.8	1.15%	0.57%	0.38%	4.01%	0.51%
	Q4	102.6	0.54%	0.02%	0.35%	4.08%	0.54%
	Q3	102.1	0.88%	0.16%	0.58%	4.47%	0.34%
2011	Q2	101.2	0.22%	-0.44%	0.46%	4.33%	0.52%
	Q1	101.0	0.21%	-0.76%	0.70%	4.56%	0.68%
	Q4	100.7	0.51%	-0.20%	0.55%	4.86%	0.61%
	Q3	100.2	0.24%	-0.28%	0.53%	4.75%	0.60%

The *ADP Workforce Vitality Index* considers four types of workers in the labor market: those who stay with the same firm (job holders), those who change jobs (job switchers), those who are newly hired by a firm (entrants), and those who left the firm either voluntarily or involuntarily (leavers). There are several factors contributing to the growth of the *Index*. Chart 1 shows the contributions from each of these factors. Real hourly wages, hours worked for job holders and net employment have been the main contributors for the growth of the *Index*. Since the beginning of 2013, job holders' wages have become the primary contributor to growth. This may mean that employers are becoming more confident about the economy and are focusing on retaining their talent by raising wages. Also shown in Chart 1, the contribution from employment gains has remained steady.

CHART 1: CONTRIBUTION TO ADP WORKFORCE VITALITY INDEX GROWTH



"The growth we are showing in the *ADP Workforce Vitality Index* is being primarily driven by an increase in real hourly wage rates," said Ahu Yildirmaz, vice president and head of the ADP Research Institute®. "This is a good sign that may lead to increased consumer spending and a boost for the economy."

The *ADP Workforce Vitality Index* grew faster in the South and West compared to the Northeast and Midwest Regions. Real hourly wage growth and employment growth has driven the growth in the South and West. Real hourly wages grew most quickly in trade industries, which include retail trade. Professional Services, which include technology companies, drove employment growth in the South. While the *ADP Workforce Vitality Index* has trended higher in all four regions over the past three years, the gap between South & West and Midwest & Northeast began to appear in the second half of 2012 and has been growing ever since (see Chart 2 below). This widening gap can be attributed to faster employment growth, a slower decline in the growth rate of hours-worked and faster growth of real hourly wages in the South and West.

CHART 2: ADP WORKFORCE VITALITY INDEX BY REGION

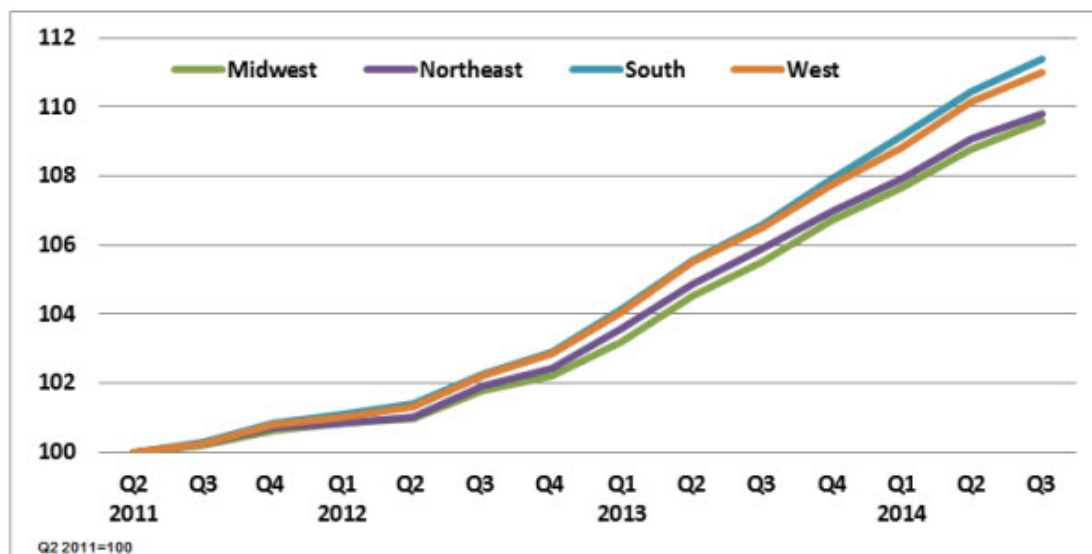
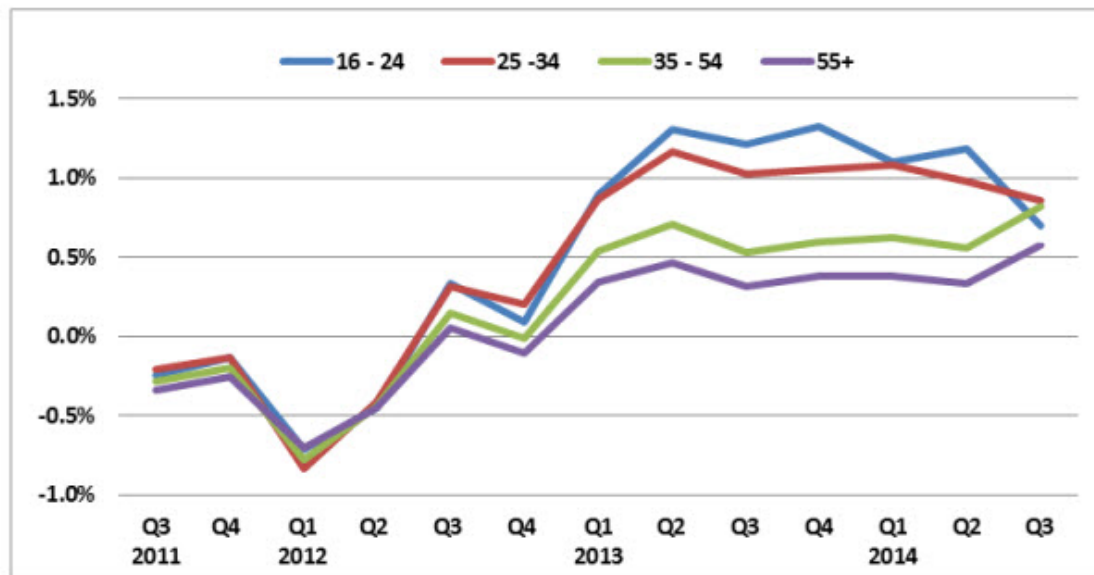


Table 1 shows that real hourly wages have grown nationally. However, as is evident from Chart 3, the pace of growth has not been uniform across age groups. The fastest growth in real hourly wage has been among the millennials (those born 1980 to

the early 2000s). However, Generation X and the Baby Boomers did catch up in the third quarter of 2014.

CHART 3: JOB HOLDERS' REAL HOURLY WAGE GROWTH BY AGE



The 4th Quarter 2014 *ADP Workforce Vitality Report* will be released on January 21, 2015.

About the *ADP Workforce Vitality Report*

The *ADP Workforce Vitality Report* was developed by the ADP Research Institute in collaboration with Moody's Analytics. It is an unprecedented, in-depth quarterly analysis of the overall vitality of the U.S. labor market based on actual data that identifies labor market trends and dynamics across multiple dimensions. These dimensions include employment growth, job turnover, wage growth and hours worked. In addition to the macro data presented in the report, there are also segment-specific findings by industry, state, gender, age, experience, and pay level. For more information about the report, please visit <http://workforcereport.adp.com/>. For a glossary of key terms, please visit [here](#).

About Moody's Analytics

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